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TO RUEHC/SECSTATE WASHDC 8618
INFO RUEHNE/AMEMBASSY NEW DELHI 1732
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TAGS: ECON EINV EIND PGOV IN

SUBJECT: MOTOROLA ANNOUNCES \$30 MILLION FACTORY NEAR CHENNAI

1.(U) U.S.-based giant Motorola on June 7, 2006 announced plans to set up a \$30 million manufacturing facility at a Hi-tech Special Economic Zone (SEZ) in Sriperumbudur near Chennai. The plant will manufacture mobile handsets and network base stations. A company press-release of June 7 says the state of the art facility would be operational in 2007 and that the investment would be scaled up in phases to \$100 million. The press release quotes Ron Garriques, Executive VP Motorola Inc. and President Mobile Devices, as saying: "India is a vitally important market for Motorola and as a strategic manufacturing hub offers a compelling value proposition of best-in-class talent and strong cost efficiencies."

¶2. (U) Motorola and the Government of Tamil Nadu (GoTN) signed a Memorandum of Understanding (MOU) on June 7 to establish the proposed manufacturing facility. According to the GoTN press release, Tamil Nadu Industries Secretary Shakthikanta Das, Motorola India Chairman Firdose Vandrevala and Motorola Inc. Vice President Stuart Reed signed the MOU. The official Tamil Nadu press release says the project was expected to provide direct jobs for 7,250 persons.

MOTOROLA - GOTN JOINT SEZ

¶3. (U) The Motorola press release says the 300-acre Sriperumbudur Hi-tech SEZ is being developed jointly by the state government and Motorola. Tamil Nadu Industries Secretary Shakthikanta Das explained that the Motorola facility will use 70 acres and the remainder of the area will be available to global component suppliers to Motorola.

SRIPERUMBUDUR, THE NEW ELECTRONICS HUB

¶4. (U) Sriperumbudur, 30 kilometers southwest of Chennai on the Chennai-Bangalore road (and more infamously known as the scene of Rajiv Gandhi's assassination), first caught investors' attention in the 90's when Hyundai Motors and St. Gobain (glass) established manufacturing facilities there. More recently, it has shown signs of becoming an electronics hub with Nokia, Flextronics and now Motorola all announcing plans for new facilities in Sriperumbudur.

CENTER AND STATE: THE TIMES HAVE CHANGED

¶5. (SBU) Local media highlighted the speed with which the Government of Tamil Nadu sealed the deal. The New Indian Express quoted Vandrevala as saying that the highlight of the agreement was that it was completed in one day, starting with the approval by the state government in the morning and the signing of the MOU in the evening. Union Telecom Minister Dayanithi Maran (newly-elected Chief Minister Karunanidhi's grand-nephew) oversaw the entire process and participated in the discussions with Motorola representatives. In a news conference that followed the signing, Maran commended the speed of the state government in agreeing to the deal and said it signaled a new era of better cooperation between the state and the Center. Enhanced cooperation in economic development for Tamil Nadu between the politically allied state DMK and national Congress-led governments was a major campaign theme in the recent Tamil Nadu election campaign.

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